RAJYA SABHA

Friday, the 21st July, 1989/30th Asadha, 1911 (Saka)

The House met at eleven of the clock, **Mr. Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

Grant of Letters of Intent for the Setting up of Food Processing Industries

*61. SHRI PUTTAPAGA RADHAKRISHNA :†

PROF. C. LAKSHMANNA :

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state :

(a) the number of letters of intent sought for the setting up of food processing units during the years 1988-89 and 1989-90 so far;

(b) the number of letters of intent granted during the same period;

(c) what are the details of these sanctions granted; and

(d) the number of units among those which have been set up so far and are being set up ?

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI JAGDISH TYTLER) : (a) to (d) A statement is laid on the Table of the House.

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†The question was actually asked on the floor of the House by Shri Puttapaga Radhakrishna.

Statement

(a) 414 and 507 applications were received for grant of letters of intent for food processing industries during the calendar year 1988 and 1989 (upto 30-6-1989) respectively.

(b) 42 and 22 letters of intent were issued during 1988-89 and 1989-90 (upto 30-6-1989).

(c) the details are contained in the Annexure. [*See* Appendix CLI, Annexure No. 18].

(d) As letters of intent have a validity period of three years, the final position about units that have been set up can only be given after the expiry of the validity period.

SHRI PUTTAPAGA RADHAKRISHNA : Sir, people are becoming very much work-minded. They are forgoing their lunch or they are preferring mini-lunch or working lunch and all that. So, the demand for processed food is going up. The demand is related to the applications made for letters of intent. There is a large number of applications made for letters of intent but the number of licences granted is very meagre. Last year only 10 per cent of the applications were sanctioned and this year only five per cent. I do not know what is the criteria adopted for it. Generally speaking, field surveys must be conducted and the demand for processed foods must be ascertained. There is a talk in the market for commissions, which have played a very vital role. But they may not be as high as the Bofors' commission. It may be a lesser commission. (*Interruptions*).

SHRI JAGDISH TYTLER : What is your question ?

SHRI PUTTAPAGA RADHAKRISHNA : I am coming to it.

Why are you so much embarrassed ? Mr. Chairman, Sir, I want to know from the hon. Minister whether there was any field survey conducted to ascertain the demand for processed foods and what was the criteria adopted for selecting the applications for granting letters of intent.

SHRI JAGDISH TYTLER : First of all, it is very unfortunate that a Ministry which is as important as this one, and which is directly related to the farmers and their sons and daughters, about that something like this has been spoken. I believe the Member is not aware of what he is wanting to say. As far as the letters of intent are concerned, I think if you look at the answer in the statement which has been laid, we have said that 414 applications last year and 507 applications this year were received, out of which we had processed 42 and 22 licences and we have given letters of intent to them. Now, most of the applications are related to potable alcohols and beers, 348 in 1988 and 381 in 1981. The other raw materials related to the food industries are about 93 in 1989 and 20 in 1988. I would like to inform the hon. Member that we have issued letters of intent to 42 companies last year and 22 companies this year. And as far as beers and non-molasses alcohol are concerned, we are processing and soon it will be given. But we are encouraging the private sector as well as the cooperative sector to come in a big way wherever they can help the farmers to take their surplus because we have a lot of wastage in this country and that is how this Ministry was created by the Prime Minister and I am happy to say that within a short span of eight months this Ministry has gone out of its way to help the farmers and we are on the road to going forward further.

SHRI PUTTAPAGA RADHAKRISHNA : Sir, the hon. Minister has called my remarks 'unfortunate'. It can be wrong. My information can be wrong. But if it is true, it can be revealed by some agency like the Comptroller & Auditor General in its report after some time. And I want to know from the hon. Minister what percentage of letters of intent are granted on the applications received. Last year, they have granted only 10 per cent of the applications and this year it is only 5 per cent. That I have mentioned but the Minister has not replied to this point.

My second supplementary is whether the Government is going to consider any priority to be given to the technocrats and entrepreneurs belonging to Scheduled Castes and the Scheduled Tribes.

SHRI JAGDISH TYTLER : As far as I am concerned, for me it is equal, and if there is any particular case of a Scheduled Caste or Scheduled Tribe, I will give priority myself and we will help him.

PROF. C. LAKSHMANNA : Mr. Chairman, Sir, the establishment of the Ministry of Food Processing is to encourage the farmers and their produce in such a way that they get benefit out of it, and the Minister also stated about it. But if you look at the Letters of Intent that are given, a number of items therein do not directly help the farmers. For instance, Indian made foreign liquor, rectified spirit, IMPL liquors...

AN HON. MEMBER : Essential food items.

PROF. C. LAKSHMANNA : Then, soft drinks, aerated soft drinks, chewing gum of 11 flavours..

MR. CHAIRMAN : Come to the point.

PROF. C. LAKSHMANNA : Unless I tell out, how can he know. I have to drive home the fact that...

MR. CHAIRMAN : But put it short.

PROF. C. LAKSHMANNA : I have been very short; nobody can say that I have been saying more than what is necessary. I would like to know what is the objective and what is the criteria under which the Ministry gives Letters of Intent which do not go directly to help the farmers, especially about the items which I have mentioned, and I would like to know from the Minister in what particular way does he think that this will help farmers in preserving their extra produce by way of processing so that they get benefit.

SHRI JAGDISH TYTLER : I am glad that he put this question and also showed his ignorance of what non-molasses means. I will tell you. Most of these alcohol licences that we are trying to give will come under potato and potato are grown...(*Interruptions*). You mentioned about licences for the alcohol; you mentioned it...(*Interruptions*). Would you listen to me ? I listened to you. You mentioned about licences given on alcohol and beer and said that farmers are not going to benefit...(*Interruptions*).

PROF. C. LAKSHMANNA : No, I didn't mention that. I did mention about soft drinks; I did mention about aerated water; I did mention about chewing gum and other items, not alcohol.

SHRI JAGDISH TYTLER : First thing that you mentioned was the alcohol...(*Interruptions*).

PROF. C. LAKSHMANNA : No, I did not mention potato alcohol; you answer my point.

SHRI JAGDISH TYTLER : Yes, I would like to tell you that the majority of the licences which the people have applied for on non-molasses will be a byprodutn out of potato, topioca, mushroom flowers, cashew, apple, sugar beet, beet roots and various types of cereals and these are all grown by the farmers, and these are the items where mostly poor farmers are involved and their children are working. Last year's 42 Letters of Intent which were given are : Meat production 2, fisheries 12, dairy products 7, fruits and vegetables 6, consumer industries 14, beer none and alcohol only one. And also you talked about chewing gum, and just to make a mockery of the whole Ministry you bring out one chewing gum. Why don't you look at other 42 Letters of Intent

PROF. C. LAKSHMANNA : I brought out 4 items. You have not been able to justify how you gave licences, like for aerated water, soft drinks...(*Interruptions*) I seek your production. I want answer to my points.

SHRI JAGDISH TYTLER : I must tell you, Letters of Intent have been issued..

MR. CHAIRMAN : He says you issued Letters of Intent for chewing gum.

PROF. C. LAKSHMANNA : I have mentioned aerated water, soft drinks and chewing gums in regard to which letters of intent have been issued. I am asking about these items. What is their number and how much they constitute ?

SHRI JAGDISH TYTLER : When anybody comes to me with a licence, I am not going to deny it. I would like to point out to him the purpose for which this Ministry was created. Forty-two letters of intent were issued last year and twenty-two this year, so far. He must know this I would like to till him...(*Interruptions*).

PROF. C. LAKSHMANNA : I am not asking about that... (*Interruptions*)

SHRI A. G. KULKARNI : Sir, Prof. Lakshmana is a learned person. He is asking a question in regard to food processing. He is aware that we produce champagne from grapes. Is it prohibited? We export also. (*Interruptions*)

SHRI SUBRAMANIAN SWAMY : Mr. Chairman, Sir, this is against the Directive Principles of the Constitution which propagates prohibition. He is recommending that he should drink champagne. He cannot do that. (*Interruptions*) Is this how you follow Mahatma Gandhi ? (*Interruptions*)

SHRI A. G. KULKARNI: What type of a Gandhi are you ?

SHRI SUBRAMANIAN SWAMY : I am a better Gandhian than you. (*Interruptions*) You are propagating this on the floor of the House. This is against the Constitution of India. (*Interruptions*)

MR. CHAIRMAN : I would recommend to Mr. Kulkarni to leave the monopoly to you for champagne. (*Interruptions*)

SHRI SUBRAMANIAN SWAMY: You should recommend that he should give up drinking and be more sober. (*Interruptions*) I know that these people propagate it during the day and drink at night. (*Interruptions*)

SHRI ALADI ARUNA *alias* V. ARUNACHALAM : He is the follower of Rajiv Gandhi and not Mahatma Gandhi. (*Interruptions*)

SHRI A.G. KULKARNI : Mr. Minister, don't be defensive.

SHRI JAGDISH TYTLER : I am not at all defensive.

श्री सभापति : जवाब को ज्यादा मत कहो।

श्री जगदीश टाइटलर : जो भी बोला है, सब्जैक्ट पर ही बोला है। These are delicensed. They do not have to come to the Ministry for licence in regard to these. (*Interruptions*)

PROF. C. LAKSHAMANNA : Sir, he says that these are delicensed and there is no need for licence in respect of these items. Then, why are they mentioned here ? (*Interruptions*) I am not saying anything on my own. He has given the list. I have referred to four items which have been mentioned here. But he says that they are delicensed. (*Interruptions*)

SHRI JAGDISH TYTLER : Sir, I do not know what is worrying him.

MR. CHAIRMAN : He says that you have mentioned items which are delicensed.

SHRI JAGDISH TYTLER : Why not ?

MR. CHAIRMAN : They do not concern your Ministry.

SHRI JAGDISH TYTLER : They do not require licence but they do need permission.

PROF. C. LAKSHMANNA : He says that forty-two letters of intent have been issued last year. Then I asked him how they have approved items which do not help the farmers. He now says that they are delicensed.

MR. CHAIRMAN : Mr. Lakshmanna, he thinks that they help the farmers but you think they do not help the farmers. That is all.

PROF. C. LAKSHMANNA : How do they help ? (*Interruptions*)

MR. CHAIRMAN : Prof. (Mrs.) Asima Chatterjee.

PROF. (MRS) ASIMA CHATTERJEE : Mr. Chairman, Sir, I find from the reply given here that in 1988-89. ten per cent of the applications has been considered for grant of letters of intent for setting up food processing industries and in 1989-90, it was 4.4. per cent and not 5 per cent as has been mentioned by the hon. Member. What is the reason? I would like also to know from the hon. Minister, what is the procedure for clearing the applications for grant of letters of intent. This is important because this will provide self-employment opportunities. Thirdly, what are the things which are necessary for the grant of letters of intent and what are the requirements which have to be satisfied by the applicants so that they may receive the letters of intent for setting up food processing industries ? These are the three questions which I wanted to ask of the hon. Minister.

SHRI JAGDISH TYTLER : We have set norms in the Ministry. We have a licensing committee who scrutinise the application forms. They are the ones who scrutinise them and recommend. This is in regard to the first part of the question of the hon. Member. What was the second question?

PROF. (MRS) ASIMA CHATTERJEE : The percentage of applications considered for grant of letters of intent in 1989-90 was only 4.4. What is the reason? Why such a small percentage?

SHRI JAGDISH TYTLER : Beer and alchohol which are mentioned here were banned items. We have opened up the licences and now the applications have come which we are scrutinising. Whatever applications were received previously, we have scrutinised them. Last year 42 and this year 22 letters of intent have been issued. The Committee is sitting on them. When the recommendations come we will take action.

SHRI JERLIE E. TARIANG: Mr. chairman, Sir, I appreciate the effort of the Ministry for encouraging this food processing industry in the country. As you know, our State is full of agriculture, it has an agricultural base. We have lot of potatoes. We have lot of cane, we have tapioca in plenty and due to transport difficulties it is difficult to sell them elsewhere. One form of indigenous tribal people have applied, they have got registration number also allotted to them, but so far not a single application from Meghalaya for producing industrial alcohol out of these products that we are producing largely in our State has been considered. What is the policy of the Government, what is the position, why has not a single letter of intent been given?

SHRI JAGDISH TYTLER : Sir, we are discouraging beer industry in tribal areas. That is part of the Government's policy and that is why we are not issuing licences.

MR. CHAIRMAN : He is asking about industrial licences.

SHRI JAGDISH TYTLER : Meghalaya is a tribal State.

AN HON. MEMBER : Will the hon. Minister explain about this policy ?

MR. CHAIRMAN: He says that they are not giving licences for alcohol in the tribal areas.

SHRI JAGDISH TYTLER : It is the Government's policy to encourage the beer industry in the tribal areas.

श्री सुरेश पचौरी : माननीय सभापति महोदय, मध्यप्रदेश में एग्रीकल्चर के रा-मेटेरियल के अधिक पोटेंसियल होने के बावजूद भी फूड प्रोसेसिंग इंडस्ट्रीज की कमी है। देश के प्रोडक्शन के अनुपात में मध्यप्रदेश 8.95 परसेंट राईस देता है, 8.80 परसेंट व्हीट देता है। जहां तक आयल सीड का प्रश्न है, मध्यप्रदेश देश में सर्वाधिक सोयाबीन देता है। मान्यवर भोपाल में ऑल इंडिया लेवल पर फूड इंडस्ट्रीज का एक सेमीनार हुआ था। मैं इस संबंध में माननीय मंत्री जी से यह जानना चाहता हूं कि क्या इसमें यह रिकमण्डेशन की गई थी कि मध्य प्रदेश में फूड प्रोसेसिंग को स्टेमथन किया जाय? यदि हां, तो इसको मद्देनजर रखते हुए फूड प्रोसेसिंग इंडस्ट्री जारी करने के लिए कितने लेटर आफ इंटेंटस जारी किए गए और वर्ष 1989-90 में कितनी फूड प्रोसेसिंग इंडस्ट्रीज मध्यप्रदेश में स्थापित की जाएंगी?

SHRI JAGDISH TYTLER : Sir, we have received a recommendation of that Conference and we are very positively looking at it. As for the licences given in Madhya Pradesh, we have given only two licences, one in dairy products and the other one in alcohol. The Committee is sitting on rest of the applications. Where the applications comply with the norms fixed by the Government, we will surely look into them.

SHRI JAGESH DESAI : Mr. Chairman, Sir, I would like to know, how many applications were rejected, whether there are many applications without proper papers so that they are still under consideration, and if so, what is the machinery for follow up. Part (b) of my question is, the Minister has said that he encourages private sector and cooperative sector for the purpose of this type of industry. I would like to know: Is public sector barred for this type of industry, and if so, what are the reasons? Why don't you encourage public sector for food-processing industry, what is the policy of the Government in this respect?

SHRI JAGDISH TYTLER : Sir, first of all, the norms are announced in the press and any application which does not come up to the rules and regulations and the norms which we have set, we reject it. We are not discouraging public sector at all. Recently we have recommended licences in respect of applications received from State Government public sector units. We will encourage them also. I am not discouraging the private sector also. If the public sector comes, the State Department comes, the cooperatives come, we will help them.

Production of sugar

*62. SHRI PARVATHANENI UPENDRA: Will the Minister of FOOD AND CIVIL SUPPLIES be pleased to state:

(a) whether the production of sugar has come down drastically this year;

(b) if so, the reasons therefor; and

(c) whether Government proposes to import sugar to meet the demand?

THE MINISTER OF STATE OF THE MINISTRY OF FOOD AND CIVIL SUPPLIES (SHRI SUKH RAM): (a) to (c) The sugar production during the current season 1988-89 is estimated to be 87 lakh tonnes, which is lower than last year's production of 91.10 lakh tonnes. The shortfall in sugar production is due to decline in sugarcane production on account of early flowering and early maturity of cane in major sugar producing States resulting in lower yield per hectare and more than normal diversion of sugarcane to Gur and Khandsari manufacturers. Taking into account the carry-over stocks at the beginning of the current season and the expected production, there would be